

## Report of Independent Accountants

We have examined management's assertion, included in the accompanying "Report of Management on Compliance with the Federal Communications Commission's Third Payphone Order", that as of June 30, 2004, Qwest Communications Corporation (the "Company") has designed and developed systems and procedures to be operational on July 1, 2004 to meet the payphone call tracking system requirements set forth in Appendix C of the FCC's Report and Order 03-235<sup>1</sup> (the "Order"). Management is responsible for Qwest Communications Corporation's compliance with those requirements. Our responsibility is to express an opinion on management's assertion about Qwest Communications Corporation's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Company's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Company's compliance with specified requirements.

In our opinion, management's assertion that Qwest Communications Corporation complied with the aforementioned requirements as of June 30, 2004 is fairly stated, in all material respects.

This report is intended solely for the information and use of Qwest Communications Corporation and all other parties specified in the Order and is not intended to be and should not be used by anyone other than these specified parties.

*Ernst & Young LLP*

June 30, 2004

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<sup>1</sup> Refers to the Federal Communications Commission Report and Order CC Docket No. 96-128 *In the Matter of The Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*, released October 3, 2003.



## **Report of Management on Compliance With the Federal Communications Commission's Third Payphone Order<sup>1</sup>**

Management of Qwest Communications Corporation ("Qwest") is responsible for complying with the requirements set forth in Appendix C of FCC 03-235 ("Third Payphone Order") as of the date of this report.

Management has performed an evaluation of Qwest's compliance with the requirements of the Third Payphone Order as of the date of this report. . Based on this evaluation, we assert that Qwest has complied with the requirements of the Third Payphone Order.

Qwest complied with the requirements of this order in the following manner:

1. Qwest has developed a system to identify and collect completed coinless access code or subscriber toll-free payphone calls to completion. Qwest uses the information digits 25, 27, 29, and 70 imbedded in the call detail record to identify a payphone originated call.
  - Code 25: Identifies a toll free service call that has been translated to a Plain Old Telephone Service (POTS) routable number via the toll free database that originated from any pay station, including inmate telephone service.
  - Code 27: Identifies a line connected to a pay station, which uses network provided coin control signaling.
  - Code 29: Prison/Inmate Service - the ANI II digit pair 29 is used to designate lines within a confinement/detention facility that are intended for inmate/detainee use and require outward call screening and restriction (e.g., 0+ collect only service).
  - Code 70: Identifies a line connected to a pay station (including both coin and coinless stations), which does not use network provided coin control signaling.

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<sup>1</sup> The "Third Payphone Order" refers to *In the Matter of The Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*, CC Docket No. 96-128, Report and Order, released October 3, 2003 by the Federal Communications Commission ("FCC"). The requirements of the Third Payphone Order are set forth in Appendix C of the above referenced Report and Order.

2. Qwest has designated persons responsible for tracking, compensating, and resolving disputes concerning completed payphone calls or has contracted with Billing Concepts, Inc., a third-party clearinghouse to perform these procedures.
3. Qwest has developed data monitoring procedures to track completed payphone records from call origination through the payphone compensation process.
4. Qwest has established internal protocols to ensure that any software, personnel and network changes do not adversely affect Qwest's ability to track payphone call records.
5. Qwest creates a quarterly compensable payphone call file by applying logic that matches call detail records against payphone identifiers to identify and select compensable payphone records.
6. Qwest has developed procedures to provide a compensable payphone call file to Billing Concepts, Inc. for purposes of creating the following required quarterly reports:

#### Completing Carrier Reports

- a. A list of toll-free and access numbers dialed from each of the payphone service provider's payphones and the Automated Number Identification ("ANI") for each payphone;
- b. The volume of calls for each number identified in "a" above that were completed by Qwest;
- c. The name, address, and phone number of the person or persons responsible for handling Qwest's payphone compensation; and
- d. The carrier identification code ("CIC") of all facilities-based long distance carriers that routed calls to Qwest, categorized according to the list of toll-free and access code numbers identified in "a" above.

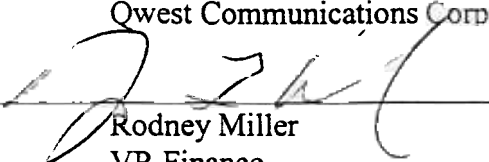
#### Intermediate Carrier Reports

- a. A list of all the facilities-based long distance carriers to which Qwest switched toll-free and access code calls;
- b. For each facilities-based long distance carrier identified in "a" above, a list of the toll-free and access code numbers that all local exchange carriers have delivered to Qwest and that Qwest switched to the identified facilities-based long distance carrier;
- c. The volume of calls for each number identified in "b" above that Qwest has received from each of the payphone service provider's payphones, identified by their ANIs, and switched to each facilities-based long distance carrier; and
- d. The name, address and telephone number and other identifying information of the person or persons for each of the facilities-based long distance carrier identified above who serves as Qwest's contact at each identified facilities-based long distance carrier.

7. Qwest has developed and implemented procedures and controls internally or through Billing Concepts Inc. to identify, respond to, and resolve disputes.
8. Qwest has developed and implemented controls around the payphone tracking process to ensure the number of payphone records that error-out of the process are insubstantial.
9. Qwest has developed a process and business rules that accurately identify
  - a. Payphone originated calls – see number 1 above for the criteria used by Qwest for identifying payphone traffic.
  - b. Completed payphone calls that are compensable to the payphone service providers – compensable payphone calls are determined by selecting payphone originating traffic (information digits of 25, 27, 29 or 70) with a call duration greater than 0 (completed call) that is identified as being billable in the mediation process. Calls where Qwest is compensating on the Switch Based Reseller's (SBR) behalf are flagged during the tracking process using a combination of the customer account identification number and alternate pricing identification. These calls are included in the compensable call file to be sent to Billing Concepts, Inc. for payment to payphone service providers.
  - c. Payphone calls that are incomplete or otherwise non-compensable – payphone originating calls that do not have a duration greater than 0 (incomplete) are excluded from compensation. Additionally, payphone service providers with an operator services contract or alternate compensation arrangement with Qwest are flagged and excluded from the compensable payphone call file. Qwest has also set up four toll-free service numbers available to payphone service providers for requesting repair and maintenance. These four numbers are also excluded from the compensable payphone call file.
  - d. The identity of the payphone service providers to which Qwest owes compensation - the identities of the payphone service providers are determined by the reliance on an ANI list provided by Billing Concepts, Inc. The ANI list provides the information required for identifying those payphone service providers Qwest is responsible for compensating. The ANI information is the only information needed from the payphone service provider (via Billing Concepts, Inc.) in order to compensate them.

June 30, 2004

Qwest Communications Corporation

By:   
Rodney Miller  
VP-Finance



**Qwest Corporation & Qwest Communications Corporation Payphone DAC  
Contact:**

**Stacia Nierman-(303)896-0297  
1801 California St.-3<sup>rd</sup> FL  
Denver, CO 80202**